



# Croatian Enterprise Promotion Activity

*Quarterly Report for 2<sup>nd</sup> Quarter, 2002*

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## **1.0 EXECUTIVE SUMMARY**

### **1.1 Project Background**

On September 28, 2001 Deloitte Touche Tohmatsu Emerging Markets, Ltd. (DTTEM) and the United States Agency for International Development (USAID), through its Regional Contracting Office (RCO), signed contract #160-C-00-01-00108-00 (“the Contract”) for the implementation of the Croatian Enterprise Promotion Activity (“CEP” or “the Project”).

The purpose of the CEP is to provide technical assistance aiming at removing constraints and market failures impeding the smooth and affordable provision of expert business consulting services and financial products to Croatia’s small and medium enterprises (SMEs).

The CEP will support USAID/Croatia's Strategic Objective 1.3 - Growth of a Dynamic and Competitive Private Sector. The intermediate results include:

IR 1.3.2 Strengthened Capacity of SMEs to Operate and Compete

IR 1.3.2.1 Adoption of Improved Technologies

IR 1.3.2.2 Increased Access to Financing

IR 1.3.2.3 Strengthened Business Associations

This report summarizes our activities and overall progress for the fourth quarter, 2001. It is provided in accordance with Section F.4.d, Technical Reports, and Section G.5 Periodic Progress Reports of the Contract.

### **1.2 Progress Summary**

See sections 2 and 3 (below).

### **1.3 Outstanding Issues and Concerns**

No issues at present.

## **2.0 PROJECT MANAGEMENT AND ORGANIZATION**

The following are the major activities that took place in team mobilization and project organization during the quarter.

## **Staff**

Barrie Evans, CEP Team Leader for Quality Management, conducted his second visit May 12 – June 6, 2002.

Dubravka Matic was hired as a Business Analyst on 7 May.

## **2.2 Project Organization**

## **3.0 PROGRESS OF DELIVERABLES**

### **3.1 Overview**

Activities during the current reporting period primarily included:

- market research
- relationship-building with principal partner organizations

### **3.2 Summary of Key Activities**

CEP conducted the following activities during the reporting period.

**SRO.** CEP worked together with HUP in drafting articles of incorporation for establishment of a self-regulatory organization (SRO) for consultants. The articles will be filed in the next quarter.

**Business Association Collaboration.** CEP participated in a press conference including a ceremonial signing of the partner cooperation agreement between USAID and HUP, witnessed by U.S. Ambassador Lawrence G. Rossin, and announcing the establishment of the SRO.

**Small Business Promotion Agency Study Tour.** CEP participated in a study tour to Ireland during June 16-29. for fourteen participants from the Ministry of Small and Medium Enterprises, the new Agency for Small Business Promotion, and other public and private sector representatives of the SME sector.

**First Meeting of Advisory Group:** The first quarterly meeting of the Advisory Group was held on April 10 at the Sheraton Hotel. Six of the seven Advisory Group members attended.

**End User Survey on Consultant Use.** CEP completed analysis of a survey of 200 manufacturing and service enterprises to determine their past and planned use of business consultants. We prepared and submitted a draft research report, including conclusions and recommendations for incorporation into the materials development and training plan for the project. The report will be finalized and distributed in July.

**First Set of Training Materials & Pilot Seminar.** CEP conducted its first training course on Hazard Analysis and Critical Control Points (HACCP) for the food industry during the week of May 20-24. The workshop focused on the meat processing sector and was well attended by a good cross section of private industry and governmental agencies. Included were several private consultants, two meat processing company representatives, a consumer advocacy group member, a representative of the meat processing association and several representatives of the Ministries of Agriculture and Health. Speakers included an expatriate HACCP expert and another in agribusiness, two local consulting company employees with extensive food safety experience (including a microbiologist), a professor of biology and the Chief Veterinary Inspector for the Ministry of Agriculture. Feedback has been very positive and the course evaluation forms returned high marks, both for course content and the trainers. Since the seminar, CEP has assessed the feedback from the workshop participants, and has undertaken revision of the materials and training agenda to be used in subsequent workshops.

**Other Materials Development.** CEP began work on courses in ISO, restructuring, marketing, and consulting excellence.

**Food Sector Comprehensive Training Plan** – CEP short-term consultant Paul Guenette prepared and submitted a life-of-project training plan for the food industry.

**Business Association Collaboration.** CEP signed a partner cooperation agreement with CroatiaStocar (meat processing association) in preparation for joint activities. CEP expects to train members of the association in CEP methodologies. At the request of CEP, CroatiaStocar has already conducted an informal survey of its members that indicate they are most interested in ISO training. They have also indicated an interest in HACCP training.

**Presentation at SME Conference.** Deputy Project Director Hayley Alexander presented the results of the end user survey at an SME conference sponsored by the Ministry of Crafts and SMEs held at Sibenik June 6-7, and attended by approximately 200 participants.

**Mortgage-Backed Securities Study.** CEP consultant Paul Sacks conducted a short-term policy assignment assessing the feasibility of establishing a mortgage-backed securities facility in Croatia. A draft report was prepared and submitted to USAID.

### **3.3 Activities Planned for Next Reporting Period**

The following activities will be conducted during the next quarter:

**HACCP Course Revision.** Complete revision of HACCP course, based on comments from pilot seminar.

**Other Course Development.** Complete development of courses in ISO, restructuring and cost reduction, marketing and market research, SME finance, and consulting excellence, with pilots planned for September and October.

**SRO.** Continue to assist HUP in establishing the SRO and getting it fully operational.

**Certification Programs.** Work with SRO to establish certification programs, including building relationships with international certification organizations.

**Advisory Group Meeting.** Hold second quarterly meeting of CEP Advisory Group.

**Newsletter.** Publish first edition of CEP newsletter.

**Web page.** Design CEP web page and install on internet.

**Consultant Needs Survey.** Finalize survey report. Design and implement plan to disseminate survey findings to interested audiences through public media.

**Comprehensive Plan.** Prepare comprehensive materials development and training plan for CEP project, incorporating research results. Plan will include course development schedule, training logistics, resourcing, etc.

**Training.** Conduct pilot training consulting excellence and second running of HACCP.

## **4.0 BUDGET AND CONTRACT ADMINISTRATION**

This section summarizes budget and contract administration information and issues during the quarter.

### **4.1 Budget**

Through the end of the quarter, CEP used approximately 60% of the total budget allocated for Year 1 of the project (including unbilled subcontractor costs), and approximately 20% of the total three-year budget.

### **4.2 Contract Administration**

During the quarter, there were no prime contract modifications.

## **5.0 OUTSTANDING ISSUES AND CONCERNS**

CEP staff is addressing the following areas that present the greatest challenges for the overall success of the project:

- Organization of a sustainable SRO and viable certification programs.

- Stimulation of demand from consultants for participation in training courses and certification programs
- Stimulation of demand among end users of the consulting services (enterprises) for services from consultants trained and certified by the SRO

These objectives will continue to receive priority attention as the project develops.